

TOWNSHIP OF GROSSE ILE, MICHIGAN
REPORT ON EXPENDITURES OF FEDERAL AWARDS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

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LOCAL AUDIT & FINANCE DIV.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF GROSSE ILE		County WAYNE
Audit Date MARCH 31, 2004	Opinion Date SEPTEMBER 30, 2004	Date Accountant Report Submitted to State: NOVEMBER 24, 2004		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) HUNGERFORD & CO.			
Street Address 13305 REECK ROAD		City SOUTHGATE	State MI
Accountant's Signature <i>Thomas C. Montelan CPA</i>		ZIP 48195	Date 11-22-04

TOWNSHIP OF GROSSE ILE, MICHIGAN

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Corrective Action Plan	N/A

A Professional Corporation

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Township of Grosse Ile, Michigan
Wayne County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, Michigan as of and for the year ended March 31, 2004, which collectively comprise the Township of Grosse Ile, Michigan's basic financial statements and have issued our report thereon dated September 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Grosse Ile, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Township of Grosse Ile, Michigan in a separate letter dated September 30, 2004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Grosse Ile, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to the management of the Township of Grosse Ile, Michigan in a separate letter dated September 30, 2004.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford & Co.

September 30, 2004

A Professional Corporation

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Trustees
Township of Grosse Ile, Michigan
Wayne County, Michigan

Compliance

We have audited the compliance of the Township of Grosse Ile, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended March 31, 2004. The Township of Grosse Ile, Michigan's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township of Grosse Ile, Michigan's management. Our responsibility is to express an opinion on the Township of Grosse Ile, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Grosse Ile, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Grosse Ile, Michigan's compliance with those requirements.

In our opinion, the Township of Grosse Ile, Michigan complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2004.

Internal Control Over Compliance

The management of the Township of Grosse Ile, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township of Grosse Ile, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated September 30, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Township of Grosse Ile, Michigan's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of the Township of Grosse Ile, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford & Co.

September 30, 2004

TOWNSHIP OF GROSSE ILE, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2004

<u>Federal Agency/Pass-Through Agency/Program Title</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
Major Program			
U.S. Environmental Protection Agency			
Passed Through Michigan Department of Environmental Quality			
Capitalization Grants for State Revolving Funds	66.458		
Project No. 5203 - 01		\$ 841,472	\$ 39,328
Project No. 5203 - 02		3,547,573	3,139,319
Project No. 5203 - 03		<u>316,790</u>	<u>316,790</u>
Total Major Program		<u>4,705,835</u>	<u>3,495,437</u>
Other Federal Awards			
U.S. Department of Housing and Urban Development			
Passed Through Wayne County Community			
Development Block Grants	14.219		
Project No. 00-09-10 - ADA Compliance Hanger 2		53,000	13,512
Project No. 01-09-04 - Airport Demolition/Clearance		41,000	41,000
Project No. 02-09-05A 02 - Senior Citizen Van		47,000	46,991
Project No. 02-09-03F 02 - ADA Access Path		3,000	1,990
Project No. 02-09-03F 03 - ADA Accessible Surface		11,000	280
Project No. 02-09-05A - Senior Citizen Programs		18,000	4,509
Project No. 03-09-03F - ADA Compliance/Park Improvements		70,000	595
Project No. 03-09-05A - Senior Citizen Staffing and Services		<u>20,000</u>	<u>16,413</u>
Total U.S. Department of Housing and Urban Development		<u>263,000</u>	<u>125,290</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		
Project No. N/A - 2002		2,100	903
Project No. N/A - 2003		<u>2,068</u>	<u>165</u>
Total U.S. Department of Justice		<u>4,168</u>	<u>1,068</u>
U.S. Department of Transportation			
Passed Through Michigan Department of State Police			
State & Community Highway Safety	20.600		
Project No. JJ-03-02		<u>28,966</u>	<u>14,049</u>
Total Other Federal Awards		<u>296,134</u>	<u>140,407</u>
Total Federal Awards		<u>\$ 5,001,969</u>	<u>\$ 3,635,844</u>

See notes to schedule of expenditures of federal awards

TOWNSHIP OF GROSSE ILE, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 -

The accompanying Schedule of Expenditures of Federal Awards includes federal grant activity of the Township of Grosse Ile, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

NOTE 2 -

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 3 -

The program with total funds expended of \$300,000 or more (Type A programs) was Capitalization Grants for State Revolving Funds. This Type A program was not considered low-risk and was required to be tested as a major program. The Township did not qualify as a low-risk auditee since this is the second year that a single audit has been performed in accordance with the provisions of OMB Circular A-133. Therefore, 50% of total federal awards expended were tested as major programs. The Capitalization Grants for State Revolving Funds program also satisfied this requirement.

TOWNSHIP OF GROSSE ILE, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2004

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: (unqualified, qualified, adverse, or disclaimer)

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
 - Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported
- Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: (unqualified, qualified, adverse, or disclaimer)

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ yes x no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

66.458

Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ yes x no

TOWNSHIP OF GROSSE ILE, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2004

(Continued)

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

TOWNSHIP OF GROSSE ILE, MICHIGAN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2004

FEDERAL PROGRAM	FINDINGS	QUESTIONED COSTS
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Prior Year Finding

None.